10/26/99 ms 11/16/99 ms N5L

ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION

- Engineering Bureau -

ADMINISTRATIVE APPLICATION COVERSHEET

THIS COVERSHEET IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS **Application Acronyms:** [NSP-Non-Standard Proration Unit] [NSL-Non-Standard Location] [DD-Directional Drilling] [SD-Simultaneous Dedication] [DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling] [PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement]
[WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion] [SWD-Salt Water Disposal] [IPI-Injection Pressure Increase] [EOR-Qualified Enhanced Oil Recovery Certification] [PPR-Positive Production Response] TYPE OF APPLICATION - Check Those Which Apply for [A] [1]Logation - Spacing Unit - Directional Drilling OCT 2 6 1999 ☐ NSP \square SD \square NSL Check One Only for [B] or [C] OIL COMSERVATION DIVISION Commingling - Storage - Measurement □ DHC ☐ CTB □ PLC D PC OLS OLS [C]Injection - Disposal - Pressure Increase - Enhanced Oil Recovery ☐ WFX \square PMX □ SWD ☐ EOR ☐ PPR NOTIFICATION REQUIRED TO: - Check Those Which Apply, or \square Does Not Apply [2] A ☐ Working, Royalty or Overriding Royalty Interest Owners Offset Operators, Leaseholders or Surface Owner Application is One Which Requires Published Legal Notice ☐ Notification and/or Concurrent Approval by BLM or SLO U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office For all of the above, Proof of Notification or Publication is Attached, and/or, ☐ Waivers are Attached [3] INFORMATION / DATA SUBMITTED IS COMPLETE - Statement of Understanding I hereby certify that I, or personnel under my supervision, have read and complied with all applicable Rules and Regulations of the Oil Conservation Division. Further, I assert that the attached application for administrative approval is accurate and complete to the best of my knowledge and where applicable, verify that all interest (WI, RI, ORRI) is common. I further verify that all applicable API Numbers are included. I understand that any omission of data, information or notification is cause to have the application package returned with no action taken. JAMES BRUCE P.O. BOX 1056 SANTA FE, NM 87504

Print or Type Name

Signature

JAMES BRUCE

ATTORNEY AT LAW

POST OFFICE BOX 1056 SANTA FE, NEW MEXICO 87504

3304 CAMINO LISA SANTA FE, NEW MEXICO 87501

(505) 982-2043 (505) 982-2151 (FAX)

October 26, 1999

Hand Delivered

Michael E. Stogner Oil Conservation Division 2040 South Pacheco Street Santa Fe, New Mexico 87505

Dear Mr. Stogner:

Pursuant to Division Rule 104.F.(2), Kerr-McGee Oil & Gas Onshore LLC ("Kerr-McGee") applies for administrative approval of an unorthodox gas well location and directional drilling for the following well:

West Indian Basin Unit Well No. 1 §17, Township 21 South, Range 23 East, NMPM Eddy County, New Mexico

Surface location:

660 feet FSL & 1980 feet FWL

Bottomhole location:

A window no closer than 1650 feet to the north, east, and west lines of the section, and no closer than 660 to the south line of the section

The well was originally drilled in 1963 to a depth sufficient to test the Morrow formation, but was completed in the Cisco/Canyon formation. Attached as Exhibit A is the original well location plat, and attached as Exhibit B is the completion report. The well was later placed in the Indian Basin-Upper Pennsylvanian Gas Pool. Rules for the Pool require 640 acre spacing, with wells to be no closer than 1650 feet to the section line and no closer than 330 feet to a quarter-quarter section line. (At the time the well was drilled, the location was orthodox because the well was not within a mile of the Pool.) A current wellbore sketch is attached as Exhibit C.

The proposed location is based upon engineering and geologic reasons. Attached as Exhibit D is a production plat of the well from mid-1988 to mid-1996. Gas production was stable until water production increased, at which time the well was shut-in. Kerr-

McGee believes that there are still reserves which can be economically recovered from the well, and the location is geologically favorably in the Cisco/Canyon dolomite based on the initial potential of the well in 1963.

Kerr-McGee proposes to re-enter and sidetrack the well approximately 50 feet to the north of the current location. A new well location plat is attached as Exhibit E. The plans for the reentry are described in the sundry notice attached as Exhibit F. (The sundry notice was approved by the Bureau of Land Management on October 21, 1999.) While Kerr-McGee only plans to sidetrack the well a short distance, the larger drilling window is requested because, until re-entry is performed, the operator cannot determine the final bottomhole location.

This location will provide the best chance of encountering potential Cisco/Canyon pay. Thus, it will reduce the risk involved in re-entering the well, and prevent waste.

Submitted as Exhibit G is a land plat of the subject area, with the surface location of the well marked thereon. The well encroaches only to the south, and offset leasehold ownership is as follows:

<u>Tract</u>	Operator/Lessee
N½ §20 ¹	Kerr-McGee (Operator)
N½S½, S½SW¼, and SW¼SE¼ §20	Marathon Oil Company (Lessee)
SE¼SE¼ §20	Concho Resources Inc. (Lessee)

Concho Resources Inc. has waived objection to the location, and its waiver letter is marked Exhibit H. A copy of the notice letter sent to Marathon Oil Company is attached as Exhibit I.

This application is submitted in duplicate. Please call me if you need anything further on this matter.

Very truly yours,

ames Bruce

ttorney for Kerr-McGee Oil & Gas Onshore LLC

The N% §17 is part of the West Indian Basin Unit.

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KERR MCGEE CORPORATION

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NSTRUCTIONS

General: This form is designed for submitting a complete and correct well completion report and log on all types of lands and leases to either a Federal agency or a State laws and regulations. Any necessary special instructions concerning the use of this form and the number of copies to be submitted, particularly with regard to local, area, or regional procedures and practices, either are shown below or will be issued by, or may be obtained from, the tocat Federal and/or State office. See instructions on items 22 and 23, below regarding separate reports for separate completions.

If not find prior to the time this summary record is submitted, copies of all currently available logs (drifters, geologists, sample and core analysis, all types electric, etc.), formation and pressure tests, and directional suverys, should be attached hereto, to the extent required by applicable Federal and/or State laws and regulations. All attachments should be listed on this form, see item 35.

Hem 4: If there are no applicable State requirements, locations on Federal or Indian land should be described in accordance with Federal requirements. Consult local State

or Federal office for specific instructions.

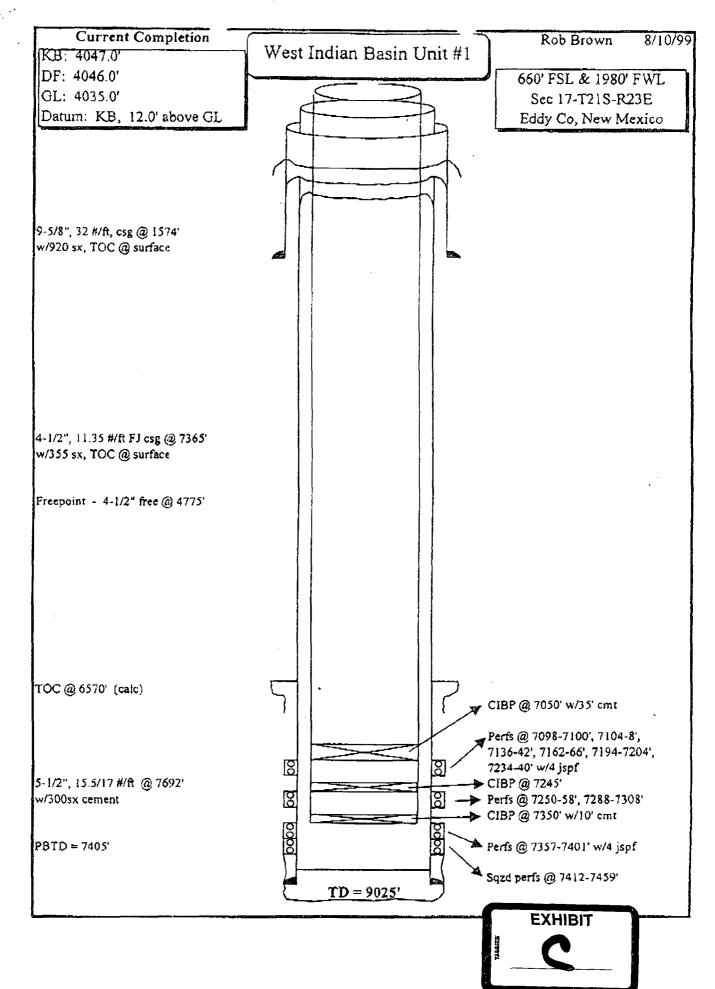
interval, or intervals, top(s), bottom(s) and name(s) (if any) for only the interval zone (multiple completion), so state in item 22, and in item 24 show the producing interval, or intervals, top(s), bottom(s) and name(s) (if any) for only the interval reported in item 33. Submit a separate report (page) on this form, adequately identified for each additional interval to be separately produced, showing the additional data pertinent to such interval. Sacks Cement': Attached supplemental records for this well should show the details of any multiple stage cementing and the location of the cementing tool. Hem 33: Submit a separate completion report on this form for each interval to be separately produced. (See instruction for items 22 and 24 above.) 19cm 18: Indicate which elevation is used as reference (where not otherwise shown) for depth measurements given in other spaces on this form and in any attachments,

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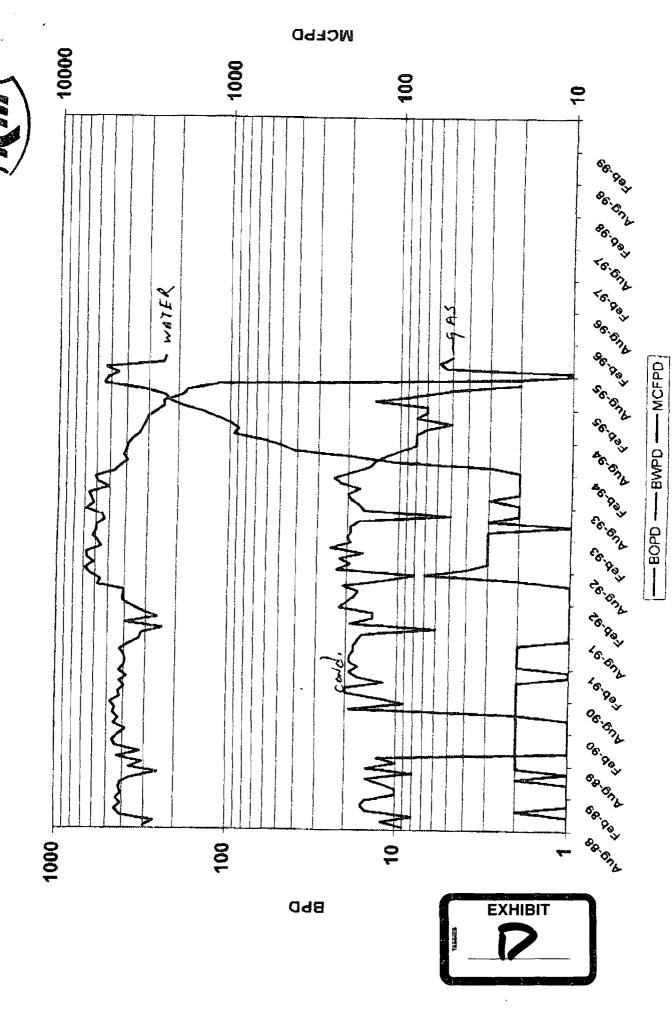
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KERR MCGÉE CORPORATION



West Indian Basin Unit #1



State of New Mexico Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION 2040 South Pacheco Santa Fe, NM 87505 Form C-102
Revised October 18, 1994
Instructions on back
Submit to Appropriate District Office
State Lease - 4 Copies
Fee Lease - 3 Copies

⁵ Pool Name INDIAN BASIN UPPER PENN

PO Box 1980, Hobbs, NM 88241-1980 District II 811 S. 1st Street, Artesia, NM 88210-2834 District III 1000 Rio Brazos Rd., Aztre, NM 87410 District IV 2040 South Pacheco, Sauta Fe, NM 87505

1 API Number

⁴ Property Code

7 OGRID No.

ALCOHODO DEDODO
AMENDED REPORT

6 Well Number

⁹ Elevation

4037

WELL LOCATION AND ACREAGE DEDICATION PLAT

5 Property Name

8 Operator Name

WEST INDIAN BASIN UNIT

KERR-McGEE OIL & GAS ONSHORE LLC

² Pool Code

					10 Surface Locat	ion			
UL or lot no.	Section 17	Township 21-S	Range 23-E	Lot. Idn	Feet from the 1980	North/South Line WEST	Feet from the	East/West line	County EDDY
				ottom Hole	Location If Diffe	erent From Surface	:e		
UL or lot no.	Section	Township	Range	Lot. Idn	Feet from the	North/South Line	Feet from the	East/West line	County
N	17	21-S	<u> 23-€</u>		1980	WEST	710	SOUTH	EDDY
12 Dedicated Acr	res District	nt or Infill	Consolidation	Code 15 (Order No.				
NO ALLO	WABLE					UNTIL ALL INT NAPPROVED B			OLIDATED
	-						I hereby certify	TOR CERTIFIC that the information to the best of my kn	contained herein is
						·	Signature STEPHEN F Printed Name TECHNICAL Title 10-13-99 Date		ICATION
1930	•			N N N N N N N N N N N N N N N N N N N	EXHIBIT		I hereby cerefy was plotted from me or under m and correct to the	that the well location n field notes of actu y supervision, and t	i shown on this plat ial surveys made by nat the same is true
		110)					Certificate Num	ber	

Form 3160-5 (November 1994)

UNITED STATES DEPARTMENT OF THE INTERIOR BUREAU OF LAND MANAGEMENT

FORM APPROVED Budget Bureau No. 1004-0135 Expires July 31, 1996

	 Expires	July 31,	1996
5.	Secial 1		

NM07106

SUNDRY NOTICES AND	REPORTS	ON	WELLS
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Do not use this form for proposals to drill or to re-enter an abandoned well. Use Form 3160-3 (APD) for such proposals.

-	3.7.7.			
١.	lf Indian,	Allottee	or Tribe	Name

SUBMIT IN TRIPLICATE -	1	7. If Unit or CA/Agreement, Name and/or P 8910085600			
1. Type of Well Oil X Gas Well X Woll Other 2. Name of Operator KERR-MCGEE CORPORATION				8. Well Name and N EST INDIAN BA NIT	
3a. Address		0.015.10209			
P.O. Box 2880, Dallas, TX 75221-28	-	10. Field and Pool,	or Projectory Acas		
4. Location of Well (Footage, Sec., T., R., M., or Survey Description SURFACE LOCATION N SEC 17 T 21S		NDIAN BASIN U			
BOTTOM HOLE LOCATION N SEC 17 T 219	R 23E 710 FS	L & 1980 FWL	ļ ·	11. County or Parish	, State
			E	DDY	NM_
12. CHECK APPROPR	IATE BOX(ES) TO	NDICATE NATURE OF NO	TICE, REPORT, O	R OTHER DATA	
TYPE OF SUBMISSION		TYF	E OF ACTION		
X Notice of Intent	Acidizo	Despen	Production (S	iart/Resume)	Water Shut-Off
Subsequent Report	Alter Casing Casing Repair	Fracture Treat New Construction	Reclamation Recomplete		Well Integrity Other
Final Abandonment Notice	X Change Plans	Plug and Abandon	Temporarily	311	DE TRACK
	Convert to Inject	tion Plug Back	Water Dispos	al .	

13. Describe Proposed or Commoleted Operation (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recomplete horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompletion in a new interval, a Form 3160-4 shall be filed once testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the final site is ready for final inspection.)

CHANGE IN PLANS FROM SUNDRY DATE 08/12/99.

MIRU COMPLETION RIG. RU BOP'S & TEST. CUT & PULL 4 1/2" & 5 1/2" CSG @ 4500' =/- (AS DEEP AS POSSIBLE). SPOT 200' CMT PLUG ON TOP OF CSG STUB. TIH W/ BIT AND DRESS OFF CEMENT PLUG. RDMO COMPLETION RIG. MIRU DRILLING RIG. PU DIRECTIONAL DRILLING TOOLS & TIH. RUN GYRO AND ORIENT MOTOR TO KICK-OFF DUE NORTH. DRILL SIDE-TRACK TO A VERTICAL DEPTH OF 7500' IN THE UPPER PENN. DISPLACEMENT WILL BE +/- 50' TO THE NORTH. RIH W/ 7" CSG, 23 & 26#, K55, STC. CMT 7" TO 5000'+/-. RDMO DRILLING RIG & PREP FOR COMPLETION.

ATTACHMENTS



14. I hereby certify that the foregoing is true and correct Name (Printed/Typed) STEPHEN FORE	Title TECHNICAL ANALY	ST						
Zurkin Long	Dato 10/21/99							
THIS SPACE FOR FEDERAL OR STATE OFFICE USE								
Approved by	Title	Date						
Conditions of approval, if any, are attached. Approval of this notice de certify that the applicant holds legal or equitable title to those rights in which would entitle the applicant to conduct operations thereon.	oos not warrant of Office n the Subject lease							

104°38'00"W 104°37'00"W West Indian Basin Unit Ken Wogen 54.14% STRC in dinam Meore, et al 8-52% Sania Fa Snyder 20 3 9. YE 28 17 (0.3 %) MAR NORTH IN bΩ MARATHON OIL COMPANY ORYX ENERGY WEST INDIAN BASIN 3 3 74+0 Concho Resources Inc Sections 17 & 20

T21S-R23E Eddy County, NM

TOTAL P.07



CONCHO RESOURCES INC.

Suite 410 110 W. Louisiana Midland, Texas 79701

(915) 683-7443 FAX 683-7441

October 14, 1999

Mr. Steve Foerster Kerr-McGee Corporation P. O. Box 2880 Dallas, Texas 75221-2880

Waiver of Objection
West Indian Basin Well No. 1 Sidetrack
660' FSL & 1980' FWL Section 17
T21S, R23E, NMPM
Eddy County, New Mexico

Gentlemen:

We have enclosed your letter dated October 12, 1999, regarding the request for waiver of objection to the unorthodox well location as captioned above. Concho Resources Inc. does waive its objection to Kerr-McGee Oil & Gas Onshore LLC's request to drill the West Indian Basin Well No. 1 Sidetrack at a non-standard location in the Indian Basin as further described on such letter. Please feel free to call our office if you have any questions. Thank you.

Sincerely,

CONCHO RESOURCES INC.

Tammy Baimbridge Land Assistant

enclosure /tb:Indianbasin

EXHIBIT

October 12, 1999

Sent Via Fax at 915/683-7441 & Certified Return Receipt Requested

Mr. Richard Winchester Concho Resources Inc. 110 West Louisiana, Suite 410 Midland, Texas 79701

RE:

Request for Waiver of Objection to Unorthodox Well Location due to Sidetrack West Indian Basin Well No. 1 Sidetrack, Surface Location 660' FSL & 1980' FWL of Section 17, T21S, R23E, N.M.P.M., Eddy County, New Mexico

Gentlemen:

Kerr-McGee Oil & Gas Onshore LLC (formerly Oryx Energy Company) requests offset working interest owner's approval of a non-standard Indian Basin, Upper Pennsylvanian Gas Pool location for the West Indian Basin Well No. 1 Sidetrack to be located at a surface location 660' FSL & 1980' FWL. of Section 17, T21S, R23E, N.M.P.M., Eddy County, New Mexico. The bottom hole location will fall into a window within Section 17 such that it will be no closer than 1650' from the North, East and West outer boundary lines of Section 17 and no closer than 660' from the South outer boundary of Section 17. Pool rules for the Indian Basin, Upper Perinsylvanian Gas Pool require wells to be spaced no closer than 1650' from the outer boundaries nor closer than 330 feet from any governmental quarter-quarter section line or subdivision inner boundary. The proration unit for the proposed sidetrack will be a previously approved 640 acre standard proration unit consisting of Section 17, T21S, R23E, Eddy County, New Mexico.

Should you have no objection to this request for waiver, please sign and date this letter in the space provided below and return it to my attention at the address on this letterhead. Also, we would appreciate being furnished a copy via fax at 972/715-4012.

Thank you, and if you should have any questions, please feel free to call me at 972/715-4608.

Concho Resources Inc. October 12, 1999 Page 2

Sincerely,

Kerr McGee Oil & Gas Onshore LLC

Steve Foerster Landman

Concho Resources Inc. waives objection to Kerr-McGee Oil & Gas Onshore LLC's request to drill the West Indian Basin Well No. 1 Sidetrack at a non-standard location in the Indian Basin, Upper Pennsylvanian Gas Pool at a at a surface location 660' FSL & 1980' FWL of Section 17, T21S, R23E, N.M.P.M., Eddy County, New Mexico. The bottom hole location will fall into a window within Section 17 such that it will be no closer to the than 1650' from the North, East and West outer boundary lines of Section 17 and no closer than 660' from the South outer boundary of Section 17.

Concho Resources Inc.

Title

Data:

JAMES BRUCE

ATTORNEY AT LAW

POST OFFICE BOX 1056 SANTA FE, NEW MEXICO 87504

3304 CAMINO LISA SANTA PE, NEW MEXICO 87501

(505) 982-2043 (505) 982-2151 (FAX)

October 26, 1999

CERTIFIED MAIL RETURN RECEIPT REQUESTED

Joe Madron Marathon Oil Company P.O. Box 552 Midland, Texas 79702

Gentlemen:

Enclosed is a copy of an administrative application for an unorthodox gas well location, filed with the New Mexico Oil Conservation Division by Kerr-McGee Oil & Gas Onshore LLC, regarding a well in Section 17, Township 21 South, Range 23 East, N.M.P.M., Eddy County, New Mexico. If you object to the location you must notify the Division in writing no later than Monday, November 15, 1999 (2040 South Pacheco Street, Santa Fe, New Mexico 87505). Failure to object will preclude you from contesting the location at a later date.

Very truly yours,

Attorney for Kerr-McGee Oil & Gas Onshore LLC



JÄMES BRUCE

ATTORNEY AT LAW

POST OFFICE BOX 1056 SANTA FB, NEW MEXICO 87504

3304 CAMINO LISA SANTA FE, NEW MEXICO 87501

(505) 982-2043 (505) 982-2151 (FAX)

October 26, 1999

Hand Delivered

Michael E. Stogner Oil Conservation Division 2040 South Pacheco Street Santa Fe, New Mexico 87505

Dear Mr. Stogner:

Pursuant to Division Rule 104.F.(2), Kerr-McGee Oil & Gas Onshore LLC ("Kerr-McGee") applies for administrative approval of an unorthodox gas well location and directional drilling for the following well:

West Indian Basin Unit Well No. 1 §17, Township 21 South, Range 23 East, NMPM Eddy County, New Mexico

Surface location: 660 feet FSL & 1980 feet FWL

Bottomhole location: A window no closer than 1650 feet to the north, east, and west lines of

the section, and no closer than 660 to the south line of the section

The well was originally drilled in 1963 to a depth sufficient to test the Morrow formation, but was completed in the Cisco/Canyon formation. Attached as Exhibit A is the original well location plat, and attached as Exhibit B is the completion report. The well was later placed in the Indian Basin-Upper Pennsylvanian Gas Pool. Rules for the Pool require 640 acre spacing, with wells to be no closer than 1650 feet to the section line and no closer than 330 feet to a quarter-quarter section line. (At the time the well was drilled, the location was orthodox because the well was not within a mile of the Pool.) A current wellbore sketch is attached as Exhibit C.

The proposed location is based upon engineering and geologic reasons. Attached as Exhibit D is a production plat of the well from mid-1988 to mid-1996. Gas production was stable until water production increased, at which time the well was shut-in. Kerr-

McGee believes that there are still reserves which can be economically recovered from the well, and the location is geologically favorably in the Cisco/Canyon dolomite based on the initial potential of the well in 1963.

Kerr-McGee proposes to re-enter and sidetrack the well approximately 50 feet to the north of the current location. A new well location plat is attached as Exhibit E. The plans for the reentry are described in the sundry notice attached as Exhibit F. (The sundry notice was approved by the Bureau of Land Management on October 21, 1999.) While Kerr-McGee only plans to sidetrack the well a short distance, the larger drilling window is requested because, until re-entry is performed, the operator cannot determine the final bottomhole location.

This location will provide the best chance of encountering potential Cisco/Canyon pay. Thus, it will reduce the risk involved in re-entering the well, and prevent waste.

Submitted as Exhibit G is a land plat of the subject area, with the surface location of the well marked thereon. The well encroaches only to the south, and offset leasehold ownership is as follows:

Tract	Operator/Lessee
ITACL	Oberacor/ nessee

N½ §20¹ Kerr-McGee (Operator)

N%S%, S%S%%, and S%%SE% §20 Marathon Oil Company (Lessee)

SEWSEW §20 Concho Resources Inc. (Lessee)

Concho Resources Inc. has waived objection to the location, and its waiver letter is marked Exhibit H. A copy of the notice letter sent to Marathon Oil Company is attached as Exhibit I.

This application is submitted in duplicate. Please call me if you need anything further on this matter.

Very truly yours,

James Bruce

ttorney for Kerr-McGee Oil & Gas Onshore LLC

 $^{^{1}}$ The N% §17 is part of the West Indian Basin Unit.

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Operator Robe	rt N.Bofi	eld	1	Lease En	glish-I	Pederal		We	11 No.	
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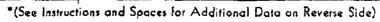
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EKK UCREE COKFOKHIION

70.41 BEET-12-100

September, 24, 1963
Registered Professional Engineer and/or Land Surveyor

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INSTRUCTIONS

or both, pursuant to applicable Federal and/or State laws and regulations. Any necessary special inserructions concerning the use of this form and the number of copies to be submitted, particularly with regard to local, area, or regional procedures and practices, either are shown below or will be issued by, or may be obtained from, the local Federal and/or State office. See instructions on items 22 and 24, and 33, below regarding separate reports for separate completions.

If not filed prior to the time this summary record is submitted, copies of all currently available logs (drillers, geologists, sample and core analysis, all types electric, etc.), formation and pressure tests, and directional surveys, should be attached hereto, to the extent required by applicable Federal and/or State have and regulations. All attachments General: This form is designed for submitting a complete and correct well completion report and log on all types of lands and leases to either a Federal agency or a State agency,

should be listed on this form, see item 35.

Hem 4: If there are no applicable State requirements, locations on Federal or Indian land should be described in accordance with Federal requirements. Consult local State

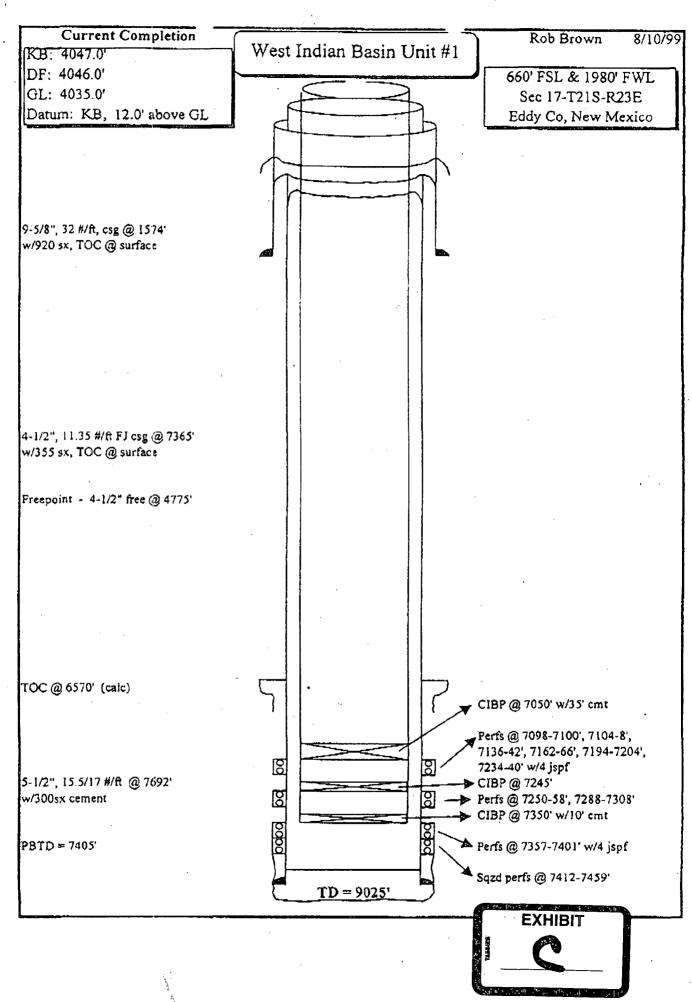
or rederal office for specific instructions.

Hern 18: Indicate which elevation is used as reference (where not otherwise shown) for depth measurements given in other spaces on this form and in any attachments.

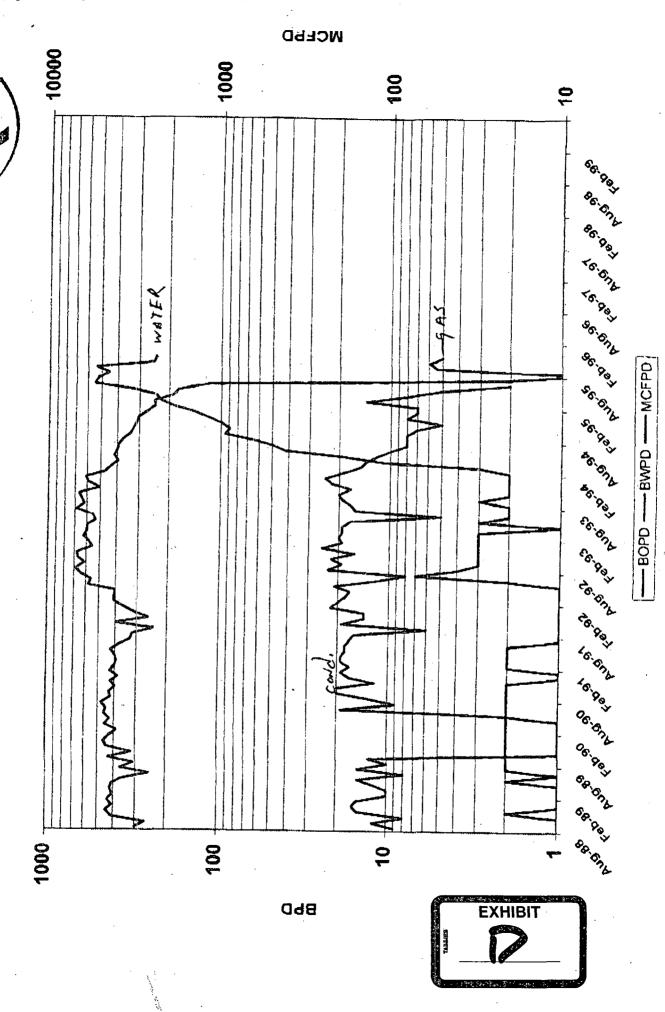
Hern 22 and 24: If this well is completed for separate production from more than one interval zone (multiple completion), so state in item 22, and in item 24 show the producing intervals, or intervals, top(s), bottom(s) and name(s) (if any) for only the interval reported in item 33. Submit a separate report (page) on this form, adequately identified for each additional interval, to be separately produced, showing the additional data pertinent to such interval.

Hern 29: "Sacks General". Attached supplemental records for this well should show the details of any multiple stage cementing and the location of the cementing tool. Hem 33: Submit a separate completion report on this form for each interval to be separately produced. (See instruction for Items 22 and 24 above.)

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West Indian Basin Unit #1



State of New Mexico Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION 2040 South Pacheco Santa Fe, NM 87505

Form C-102 Revised October 18, 1994 Instructions on back Submit to Appropriate District Office State Lease - 4 Copies Fee Lease - 3 Copies

District I PO Box 1980, Hobbs, NM 88241-1980 District II 811 S. 1st Street, Artesia, NM 88210-2834 District III 1000 Rio Brazos Rd., Aztec, NM 87410 District IV 2040 South Pacheco, Sauta Fe, NM \$7505

AMENDED REPORT

WELL LOCATION AND ACREAGE DEDICATION PLAT

·	API Numbe	τ		² Pool Code		³ Pool Name					
						INDIAN BASIN UPPER PENN					
4 Property	Code	³ Property Name					operty Name 6 Well Number				Vell Number
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Form 3160-5 (November 1994)

UNITED STATES DEPARTMENT OF THE INTERIOR

BUREAU OF LAND MANAGEMENT

	FORM APPROVED							
	Budget Bureau No.	1004-0135						
•	Expires July 31,	1996						

٤.	Lease	Serial	No.

NM07106

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or to re-enter an abandoned well. Use Form 3160-3 (APD) for such proposals.

6. If Indian, Allottee or Tribe Name

SUBMIT IN TRIPLICATE -	7. If Unit or CA/Agreement, Name and/or No. 8910085600			
1. Type of Well Oil X Gas Well Other 2. Name of Operator KERR-MCGEE CORPORATION				8. Well Name and No. WEST INDIAN BASIN #1 UNIT 9. API Well No.
P.O. Box 2880, Dallas, TX 75221-28 Location of Woll (Footage, Sec., T., R., M., or Survey Description of Woll (Docation N SEC 17 T 21S BOTTOM HOLE LOCATION N SEC 17 T 21S	R 23E 660 FS		eode)	30-015-10209 10. Field and Pool, or Exploratory Area INDIAN BASIN UPPER PENN 11. County or Parish, State
12, CHECK APPROPRI	ATE BOX(ES) TO II	NDICATE NATURE OF NO	TICE, REPORT	COR OTHER DATA
TYPE OF SUBMISSION		TYF	E OF ACTION	
X Notice of Inlent Subsequent Report Final Abandonment Notice	Acidize Alter Casing Casing Repair X Change Plans Convert to Inject	Despen Fracture Treat New Construction Plug and Abandon Plug Back	Recomple	otte Other

Describe Proposed or Commoleted Operation (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recomplete horizontally, give subsurface locations and measured and true vertical depths of all pertinent merkers and sones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompletion in a new interval, a Form 3160-4 shall be filed once testing has been completed. Final Abandonness Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has dotormined that the final site is ready for final inspection.)

CHANGE IN PLANS FROM SUNDRY DATE 08/12/99.

MIRU COMPLETION RIG. RU BOP'S & TEST. CLT & PULL 4 1/2" & 5 1/2" CSG @ 4500" =/- (AS DEEP AS POSSIBLE). SPOT 200' CMT PLUG ON TOP OF CSG STUB. TIH W/ BIT AND DRESS OFF CEMENT PLUG. RDMO COMPLETION RIG. MIRU DRILLING RIG. PU DIRECTIONAL DRILLING TOOLS & TIH. RUN GYRO AND ORIENT MOTOR TO KICK-OFF DUE NORTH. DRILL SIDE-TRACK TO A VERTICAL DEPTH OF 7500' IN THE UPPER PENN. DISPLACEMENT WILL BE +/- 50' TO THE NORTH. RIH W/ 7" CSG, 23 & 26#. K55, STC. CMT 7" TO 5000'+/-. RDMO DRILLING RIG & PREP FOR COMPLETION.

ATTACHMENTS



14. I hereby certify that the foregoing is true and correct Name (Printed Typed) STEPHEN FORE	Title TECHNICAL ANA	LYST	
Zurhin Lon-	Date 10/21/99		
THIS SPACE F	OR FEDERAL OR STATE OFFICE USE		
Approved by	Title	Date	
Conditions of approval, if any, are attached. Approval of this notice conflity that the applicant holds legal or equitable title to those rights which would entitle the applicant to conduct operations thereon.	loss not warrant of Office in the Subject lease		

104°38'00"W 104°37'00"W Westernetzmensintimies Self Medals VIII STRC Table Te Sweet 2010 14.32 To Table The same of the sa MAR MORTH IN MARATHON OIL COMPANY Concho Resources Sections 17 & 20 T21S-R23E Eddy County, NM

TOTAL P.07



CONCHO RESOURCES INC.

Suite 410 110 W. Louisiana Midland, Texas 79701

(915) 683-7443 FAX 683-7441

October 14, 1999

Mr. Steve Foerster Kerr-McGee Corporation P. O. Box 2880 Dallas, Texas 75221-2880

Waiver of Objection
West Indian Basin Well No. 1 Sidetrack
660' FSL & 1980' FWL Section 17
T21S, R23E, NMPM
Eddy County, New Mexico

Gentlemen:

We have enclosed your letter dated October 12, 1999, regarding the request for waiver of objection to the unorthodox well location as captioned above. Concho Resources Inc. does waive its objection to Kerr-McGee Oil & Gas Onshore LL.C's request to drill the West Indian Basin Well No. 1 Sidetrack at a non-standard location in the Indian Basin as further described on such letter. Please feel free to call our office if you have any questions. Thank you.

Sincerely,

CONCHO RESOURCES INC.

Tammy Baimbridge Land Assistant

enclosure /tb:Indianbasin EXHIBIT



October 12, 1999

Sent Via Fax at 915/683-7441 & Certified Return Receipt Requested

Mr. Richard Winchester Concho Resources Inc. 110 West Louisiana, Suite 410 Midland, Texas 79701

RE:

Request for Waiver of Objection to Unorthodox Well Location due to Sidetrack West Indian Basin Well No. 1 Sidetrack, Surface Location 660' FSL & 1980' FWL of Section 17, T21S, R23E, N.M.P.M., Eddy County, New Mexico

Gentlemen:

Kerr-McGee Oil & Gas Onshore LLC (formerly Oryx Energy Company) requests offset working interest owner's approval of a non-standard Indian Basin, Upper Pennsylvanian Gas Pool location for the West Indian Basin Well No. 1 Sidetrack to be located at a surface location 660' FSL & 1980' FWL of Section 17, T21S, R23E, N.M.P.M., Eddy County, New Mexico. The bottom hole location will fall into a window within Section 17 such that it will be no closer than 1650' from the North, East and West outer boundary lines of Section 17 and no closer than 660' from the South outer boundary of Section 17. Pool rules for the Indian Basin, Upper Perinsylvanian Gas Pool require wells to be spaced no closer than 1650' from the outer boundaries nor closer than 330 feet from any governmental quarter-quarter section line or subdivision inner boundary. The proration unit for the proposed sidetrack will be a previously approved 640 acre standard proration unit consisting of Section 17, T21S, R23E, Eddy County, New Mexico.

Should you have no objection to this request for waiver, please sign and date this letter in the space provided below and return it to my attention at the address on this letterhead. Also, we would appreciate being furnished a copy via fax at 972/715-4012.

Thank you, and if you should have any questions, please feel free to call me at 972/715-4608.

Concho Resources inc. October 12, 1999 Page 2

Sincerely,

Kerr-McGee Oil & Gas Onshore LLC

Steve Foerster Landman

Concho Resources Inc. waives objection to Kerr-McGee Oil & Gas Onshore LLC's request to drill the West Indian Basin Well No. 1 Sidetrack at a non-standard location in the Indian Basin, Upper Pennsylvanian Gas Pool at a at a surface location 660' FSL & 1980' FWL of Section 17, T21S, R23E, N.M.P.M., Eddy County, New Mexico. The bottom hole location will fall into a window within Section 17 such that it will be no closer to the than 1650' from the North, East and West outer boundary lines of Section 17 and no closer than 660' from the South outer boundary of Section 17.

Concho Resources Inc.

By:/

Data:

JAMES BRUCE

POST OFFICE BOX 1056 SANTA PE, NEW MEXICO 87504

3304 CAMINO LISA SANTA FB, NEW MEXICO 87501

(505) 982-2043 (505) 982-2151 (FAX)

October 26, 1999

CERTIFIED MAIL RETURN RECEIPT REQUESTED

Joe Madron Marathon Oil Company P.O. Box 552 Midland, Texas 79702

Gentlemen:

Enclosed is a copy of an administrative application for an unorthodox gas well location, filed with the New Mexico Oil Conservation Division by Kerr-McGee Oil & Gas Onshore LLC, regarding a well in Section 17, Township 21 South, Range 23 East, N.M.P.M., Eddy County, New Mexico. If you object to the location you must notify the Division in writing no later than Monday, November 15, 1999 (2040 South Pacheco Street, Santa Fe, New Mexico 87505). Failure to object will preclude you from contesting the location at a later date.

Very truly yours,

Dames Bruce

Attorney for Kerr-McGee Oil & Gas Onshore LLC



Page: 1 Document Name: untitled

PF02

PF07 BKWD PF08 FWD

PF01 HELP

10/26/99 15:30:27 CMD : ONGARD OG5SECT INQUIRE LAND BY SECTION OGOMES -TPF5 PAGE NO: 2 Sec : 17 Twp : 21S Rng : 23E Section Type : NORMAL K \mathbf{L} J I 40.00 40.00 40.00 40.00 Federal owned | Federal owned Federal owned Federal owned Α M N 0 Ρ 40.00 40.00 40.00 40.00 Federal owned Federal owned | Federal owned | Federal owned A

PF04 GoTo

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PF03 EXIT

PF09 PRINT

Date: 10/26/1999 Time: 03:40:08 PM

Page: 1 Document Name: untitled

CMD : OG5SECT

ONGARD

INQUIRE LAND BY SECTION

10/26/99 15:30:06

OGOMES -TPF5 PAGE NO: 2

Sec : 17 Twp : 17S Rng : 23E Section Type : NORMAL

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40.00	40.00	40.00	40.00
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PF01 HELP PF02	PF03 EXIT	PF04 GoTo PF05	PF06
PF07 BKWD PF08 FW	D PF09 PRINT	PF10 SDIV PF11	PF12

Date: 10/26/1999 Time: 03:39:46 PM

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1. 14.

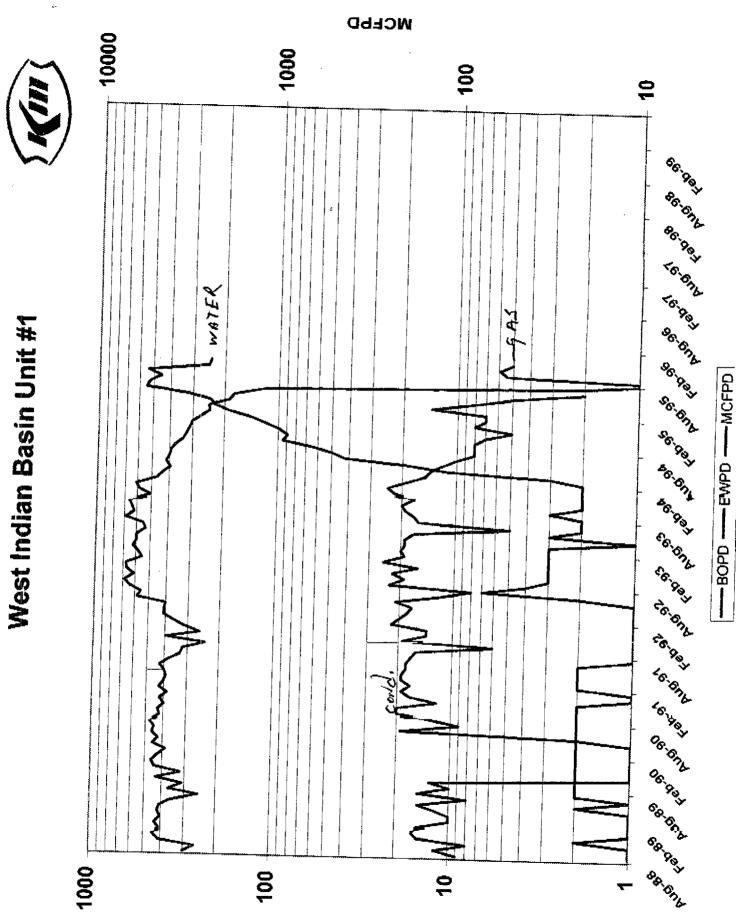
KERR MCGEE CORPORATION 14311 Weich Road Dallas, TX 75244 PO Box 2880 Dallas TX 75221-2880

FAX MESSAGE - COVER SHEET

DATE: 10/8/99			U.S. Onshore FAX: 972/715-4012
NAME	COMPANY	CI	TY/FAX NUMBER
ro: Michael Stog	i Ne C	TO 5- 827 -	1389
NT IMPRED OF PACES BEING SENT.		I I MULLIUM	מון נוס לינש"ז בין
SPECIAL INSTRUCTIONS OR COMMENTS:		ROOM #	PHONE # 972-7/5-4520

If you have any problems recoming this message, please call therry Cottey at 572/715-4875.

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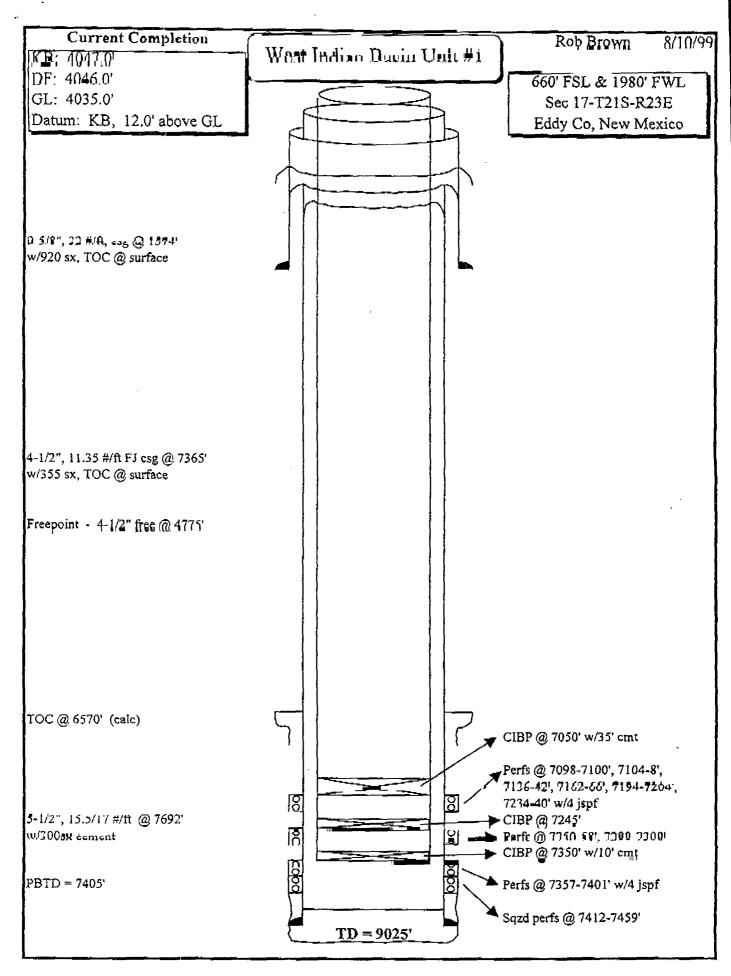
BPD

OCT- 8-99 FRI

8:18

972 715 4012

P.02



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DISYMBUTION				V VIL COR					rokm L-128 Revised 5/1/57
LAND OFFICE ANDOFFICE OL GAS ROGATION OFFICE ENATOR				N AND AC OR COMPLETI	_				
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Perator Robert	N.Enfield		I	.case Kng7	ish-Fe	deral		Wel	1 No. 1
	ection 17	Township 21	South	Range 23 E		County		Eddy	
ctual Footage Loca	ition of Well: cet from the	South	13-43	1980			West	11-	
round Level Elev.	Producing F		line and	2700	teet	from the	M400	line Dedicated	Actence:
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							in SECT plete to belief. Name Position Company Date 9 I hereby thown of plotted f surveys:	mer /26/63 certify that is the play in made by me in made by me in made by the being	ENFIELD the well location of actual

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18. TYPE OF WELL	L OIL	L GAS WELL	Day	Other		 [.	7. UNIT AGRES	MENT NAME
b. TYPE OF COMI	PLETION: DEE	P-[] PLDG [ר"ן סנסט ה. ר"ן				West I	ndian Basin
NEW WELL &	OVER EN	LJ BACK L	nasyr.	Other			S. FARM OR LE	VAR NYMB
						-	9. WELL NO.	
3. ADDRESS OF OPER	HANTELD -						1	
P. O. Pos	807. Rosses	il. New Me	xico		i 			POOL, OR WILDCAT
4. LOCATION OF WEL	t, (Report locatio	n clearly and in a	secordance with a		menta) +	-	Undesi	
6		-	of Section	17			OR AREA	M., OR BLOCK AND SURVEY
At total depth	_	ow Sam	8					Township 21 South East, N.H.P.M.
it was acpai	Same		14. PERMIT NO	0.	ATE ISSUED		12. COUNTY OR PARISE	13. STATE
5. DATE SPUDDED	72	and a second	 				Bddy	New Martico
OSDDO STAN . C.			E COMPL. (Ready	***	TLEVATIONS (D		CR, ETC.)*	19. ELEV. CASINGHEAD
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Q00##		7/1921	HO/V	MVZX.		LED BY		- T
4. PRODUCING INTER	VAL(3), OF THIS		, BOTTOM, NAME	(MD AND TVD)*			mrie FO	25. WAS DIRECTIONAL SURVEY MADE
73961-7	4501 Claco	-Carron	•					Yes
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Garage 3	ay-Acousti	e, Inducti	on-8.8. D	i rmet er	·		.	Yes
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20" Conducto	r pipe-		251				cs cesent	Sone
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7-7/6"	15.55.6	175 76	721	9 3/19	30	-	19	11
93		LINER RECOKD			30.		BING RECOR	
SIZE	TOP (MD)	BOTTOM (MD)	SACKS CEMENT	· SCREEN (MD			PTH SET (NO)	PACKER SET (MD)
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3.*				DUCTION	<u> </u>		<u> </u>	
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ATE OF TEST	HOURS TESTED	Flowing choke size	PROD'N, FOR	OIL-Bat.	CAS-NC	75	WATER BBL.	GAS-OIL BATIO
12-10-63	a)	26/6/.5	TEST PERIOD	0£ / 14 ==	J			339 MAG AM A
LOW, TURING PRESS.	CASING PRESSUR		OIL-ASL.	GAS-M		WATER-B	BL. OI	L CRAVITY API (CORR.)
2007#	35#		9 bbls/	HOSCE 57	.000	No	ne	59.70
4. DISPOSITION OF GA	S (Sold, used for	fuel, vented, etc.)			- Part		TEST WITNESSE	778
5. LIST OF ATTACHM	ENTS						H. TAN	larvard
					. :			
36. 1 Seren Cerally	that the toke and	c and a tached in	formation is com	plete and correc	t as determine	d from al	l available reco	rds
- <i>\]</i>	10 7/		,		, , ,	·		
alched - K	-EL VEST	1500	TITLE _	Coologist	Engineer		DATE _	Sec. 17, 1963

8:20

item 33:

Submit a sep; rate completon report on this form

INSTRUCTIONS

submitted, particularly with regardto local, area, or regional procedures and practice, ather are shown below or will be issued by, or may be out ined from, the local Federal and/or State office. See instruction on Items 22 and 24, and 33, below regarding separate reports for separate completions. or both, pursuant to applicable Fedral and/or State laws and regulations. Any necessity special instructions concerning the use of his form and the number of copies to be General: This form is designed for submitting a complete and correct well completion report and log on all types of lands and leases coeither a Federal agency or a State agency. A distribution of

tion and pressure test, and directional surveys, should be attached hereto, to the execut required by applicable Federal ant/or Shit laws and egulations. All attachments If not filed prior to the time this summary record is submitted, copies of all currently wa labde logs (drillers, geologists, sample and one analysis, at types electric, etc.), forma-

should be listed on this form, see itm 35,

Hem 4: If there are no applicable itate requirements, locations on Federal or India: and should be described in accordance with Except requirements. Consult local State or Federal office for spacific instructions.

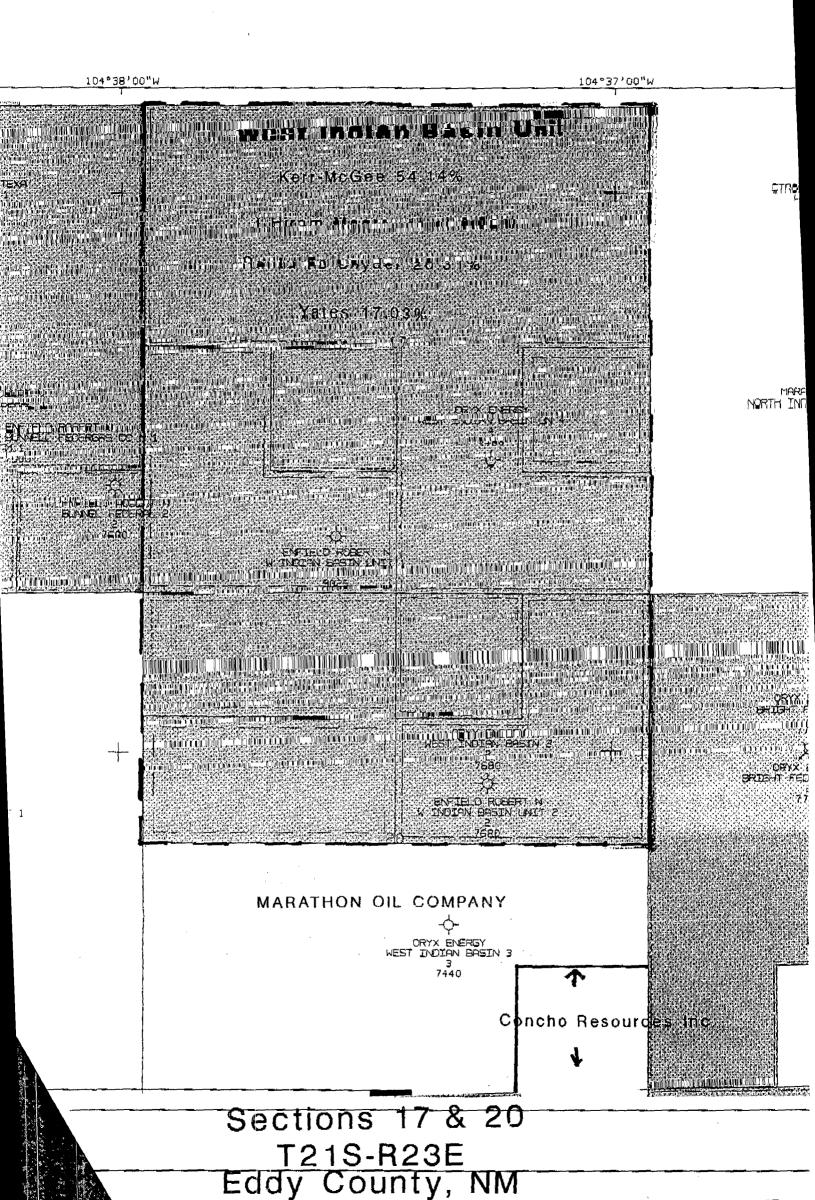
for each additional interval to be squarately produced, showing the additional data purtment to such interval item 29: "Suchs Conera": Attached supplemental records for this well should show the letails of any multiplements. Hems 22 and 24: If the well is completed for separate production from more than one inserval zone (multiple completion), so state in iem 22, and i item 24 show the producing interval, or intervals, ...op(s), botton(s) and name(s) (if any) for only the interval resorted in Item 33. Submit a separate report (page) on thi form, adequately identified, Hem 18: "Sucks Ceraet": Attached supplemental records for this well should show the letails of any multiple stage cementing and the ion if the cementing tool Indicate which elevation i used as reference (where not otherwise shown) for depth measurements given in other spaces or this form and in any attachments. Submit a separate report (page) on the form, adequately identified

for each interval to be seen tely produced.

See instruction for items 22 and 24 above

BORMATION		ROTTON	DESCRIPTION, CO.TENES, ETC.
San Andres	262*	17601	Polo and sand w/scaltered somes of porosity. Water some at 830-850 and 1350-1520.
Holfcamp Ls	1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1		Gas offer noted # 522" while drilling with eir.
Cisco Dolo	7348*	7486+	per #1 (7335-74001) T.O. 90". Flowed 10.9 MMCFGFD. Rec. 1(1 alactiliate. pressures, 2763-2794). 60" shat-in
			pressure, 2901-2)014. Cores 7400-7400 7406-7425. Rec. 22; fractured k vu dolo.
Morrow Sand	-		DST \$2 (8675-8790*), 2.0, 60*, 4ec.

OCT-08-1999 10:25



TOTAL P.07

FRI 8:24

972 715 4012

P.07

104°38'00"W 104°37'00"W J. Hiram, Moore, et al 8,52% Santa Fe Snyder 20 31% MARG NORTH INC POEST N WITCHN BESTN LNU ENTIELD ROBERT N W INTERB WRIGHT & MARATHON OIL COMPANY ORYX ENERGY WEST INDIAN BASIN 3 Concho Resources inc Sections 17 & 20 T21S-R23E Eddy County, NM

TOTAL P.07

8:3\$

, ...aa FRI - 8:3

972 715 4012

Stogner, Michael

From: Sent: Fore, Steve[SMTP:SFore@kmg.com] Monday, October 04, 1999 11:20 AM

To:

Stogner, Michael

Subject:

West Indian Basin Unit #1

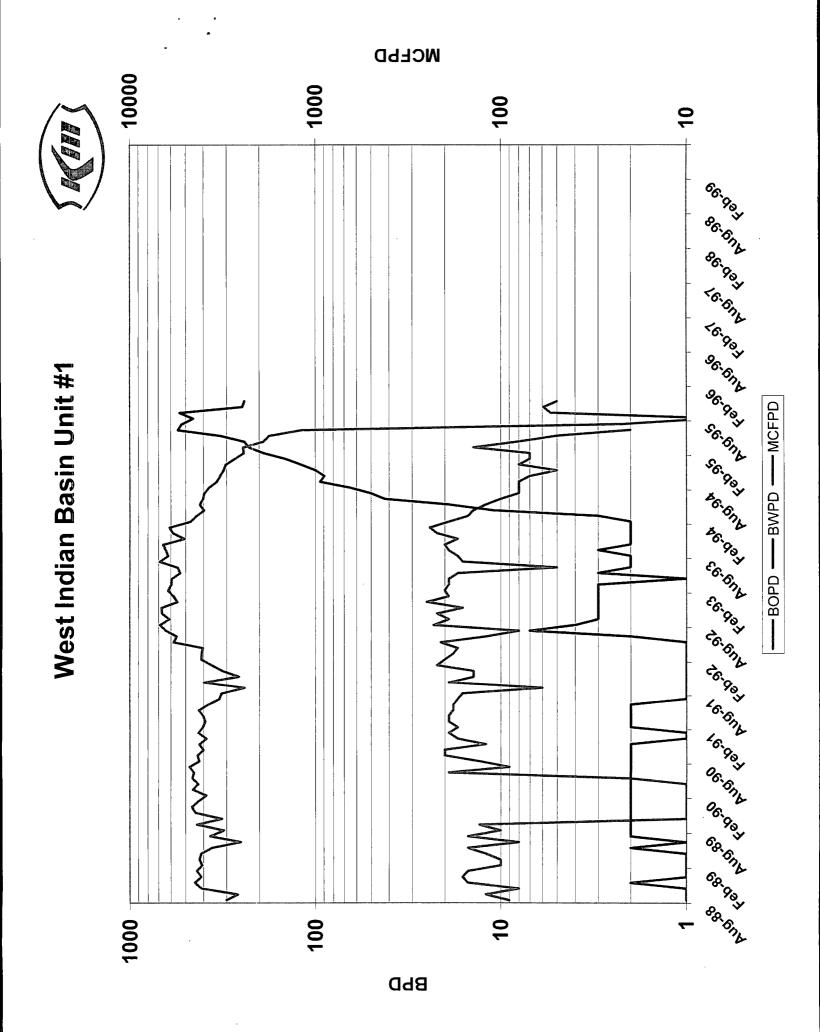


Michael Stogner,

The location of the West Indian Basin Unit #1 as mention on the phone is 1980' FWL & 660' FSL in sec 17, T 21 S, R 23E. Spud 09-30-63 and completion date 12-10-63 in Cisco-Canyon (upper penn) 7396' - 7450'. Well is grandfathered with 200,000 MCF per month allowable. Attachment is production volumes for the well and indicates the volume of water associated with gas volumes. The well bore design is 9 5/8" csg @ 1574', 5 1/2" csg @ 7692', 4 1/2" csg @ 7365'. A good time for a conference call for us would be 9:30 Mt on October 8, 99. Robert is out of the office today and then back for the rest of the week. I'll try to verify time with him. Please advise me if you're available at this time or set another time for a conference call. Thanks for your time and advice.

Stephen Fore 972-715-4520

<<WIBU1.XLS>>



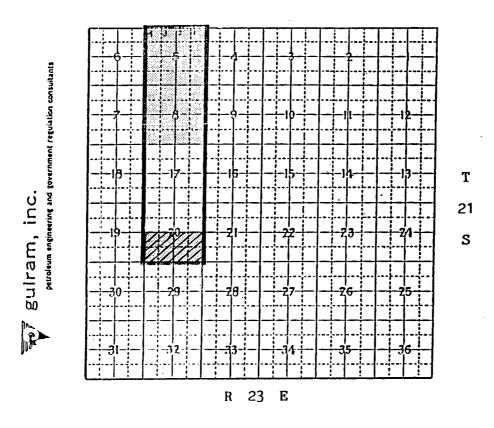
WEST INDIAN BASIN UNIT AREA

No. 14-08-0001-8560

APPROVED: October 24, 1963 EFFECTIVE: October 24, 1963

EXPLORATORY

Eddy County, New Mexico



Original Unit Land

2,521.28 acres Federal.

40.00 acres State

Total 2,561.28 acres

//// - Not Committed

-Lands Automatically Eliminated, effective January 2, 1969

Remaining Unit Land

Federal.

960.00 acres

Unit Name: West Indian Basin

Contract Number: 14-08-0001-8560

Automatic Elimination Date: January 2, 1969

Operator: Robert N. Enfield

PARTICIPATING AREAS (PA)

Name: Initial Cisco-Canyon

Well Name: West Indian Basin Unit No. 1

Location: SEtSWt Sec. 17, T. 21 S., R. 23 E.

Legal PA Description: All Sec. 17, and all Sec. 20, T. 21 S., R. 23 E.

Effective Date: December 10, 1963

PA Total Acres: 1,280.00

(960.00 acres participate)

Stogner, Michael

From: Sent: Fore, Steve[SMTP:SFore@kmg.com] Monday, October 04, 1999 11:20 AM

To:

Stogner, Michael

Subject:

West Indian Basin Unit #1



Michael Stogner,

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Stephen Fore 972-715-4520

<<WIBU1.XLS>>